

Directive

2140.1

12/18/2015

UNLIQUIDATED OBLIGATIONS

1. PURPOSE

- a. This Directive prescribes policies and procedures for periodically reviewing and certifying unliquidated obligations.
- b. The month succeeding each fiscal year quarter, the Director of the Grain Inspection, Packers and Stockyards Administration's (GIPSA) Management and Budget Services (MBS) sends a certified report of the status of the Agency's unliquidated obligations to the Mission Area's Chief Financial Officer. To ensure the accuracy and timely submission of the quarterly reports, Agency fund holders conduct monthly reviews, at a minimum, of their own unliquidated obligations. Reviews and reports of unliquidated obligations are necessary to properly report obligation balances, certify the validity of obligated balances, make funds available that otherwise would not be used, reduce the risk of misuse and theft of funds, and improve the Treasury Department's ability to forecast outlay and borrowing needs.

2. REPLACEMENT HIGHLIGHTS

This Directive replaces GIPSA Directive 2140.1, dated 7/21/13 and updates current procedures for completing reviews and reports of unliquidated obligations.

3. DEFINITIONS

- a. Unliquidated Obligations. The amount of a financial obligation not yet expended.
- b. Deobligation. The cancellation or downward adjustment of a previously recorded obligation.
- c. Agency Fund holder. Any Agency manager or supervisor that receives a budget allocation.
- d. Unliquidated Obligation (ULO). Financial report accessed via FMML. This report details all unliquidated obligations and is located in the BEX Portfolio File name: GIPSA_CERT_UL0.

4. POLICY

- a. The Budget Officer, will coordinate reviews of unliquidated obligations among program, contracting, and financial personnel.
- b. Each month, at a minimum, Agency fund holders will conduct reviews and follow-up on their own unliquidated obligations.
- c. Each month, Agency fund holders will determine if unliquidated obligations may be deobligated and provide a written notification to MBS.
- d. MBS will deobligate unliquidated obligations based on written notification from program and/or contracting personnel.
- e. Agency fund holders will review, certify, and submit a signed unliquidated obligation report to MBS each quarter in January, April, July, and October. MBS will notify fund holders of exact due dates for each quarterly report.
- f. The MBS Director will provide certification on behalf of the Agency that quarterly reviews were performed and existing unliquidated obligations are valid based on the reviews.

5. PROCEDURES

- a. Identification. Each month, at a minimum, Agency fund holders will review and follow-up on all of their own unliquidated obligations. **Each month**, Agency fund holders will identify unliquidated obligations, inactive for at least 12 months, from reports generated from the accounting system by fiscal year. All inactive unliquidated obligations over 2 years old must be selected for review. A dollar majority of inactive unliquidated obligations less than 2 years old must be selected for review based on a sample.
- b. Determination. Agency fund holders will review unliquidated obligations selected to determine whether delivery of goods or services or performance is expected to occur:
 - (1) Agency fund holders must consider, if applicable:
 - (a) The period of fund availability;
 - (b) The timeliness of delivery or performance;
 - (c) The completeness and accuracy of information provided by grant or loan recipients;

- (d) Whether funds have been expended consistent with the percentage of completion;
 - (e) Whether remaining funds are sufficient to complete the order in accordance with the specifications;
 - (f) Justifications for amendments to funding levels;
 - (g) Supplemental loans, grants, etc.;
 - (h) Reasons for lack of activity, such as litigation or delay in contract closeout;
 - (i) Any provisions of the agreement or contract that may permit or prohibit deobligation or reprogramming; and
 - (j) Any other relevant factors, when making a determination.
- (2) The review should disclose unliquidated obligations for projects:
- (a) That do not have a legal basis, or are not properly authorized and supported by appropriate documentation;
 - (b) Which have been completed and have not been closed out; and
 - (c) Under which no future expenditures are expected.
- c. Notification. Once a determination is made that an unliquidated obligation can be deobligated, Agency fund holders must notify the Budget Officer in writing. Agency fund holders are required to submit a signed ULO report indicating which unliquidated obligation(s) is to be deobligated.
- d. Deobligation. MBS will cancel or adjust unliquidated obligations in the accounting system based on the written notification from the Agency fund holder.
- b. Certification. Agency fund holders will certify each month that their ULO report has been reviewed and sign the report for retention.

The month succeeding the end of each quarter (i.e., January, April, July, and October), Agency fund holders will review, certify, and submit their ULO report to the Budget Officer. Upon review, Agency fund holders will certify that all unliquidated obligations existing are valid based on the reviews. Once the Agency fund holders have reviewed and certified their ULO report, they must sign the report and submit to MBS.

The Budget Officer will provide certification on behalf of the Agency to OCFO via APHIS Accounting Services that reviews were performed and unliquidated obligations existing are valid based on the reviews.

- f. Retention. MBS must retain reports, records, and certifications of unliquidated obligations reviewed for audit purposes. Agency fund holders must retain signed ULO reports for 6 years.

6. INQUIRIES

Direct inquiries regarding this Directive to GIPSA, Management and Budget Services at 202-720-7363.

/s/ Larry Mitchell

Larry Mitchell
Administrator